James Rive
Barge Line

10th Annual James River Partnership Meeting
April 26, 2006

James River Barge Line

- A barge transporting containers between the Port of Richmond and the Port of Hampton Roads
- Importers and Exporters in the Greater Richmond area leapfrogging congested roadways
- Barge will provide the most cost-effective, reliable, and environmentally-friendly mode of transport

Why barge?

- Port growth
- Traffic bottlenecks
- Economic impact to Central Virginia
- Cost
- Environmental benefits

Port Growth

World Trade is growing, the ports are growing with it

WTO sees 7% growth in world trade in 2006 . . After increases of 9% in 2004, 6% in 2005 .. . .trend likely to continue

- Associated Press, April 11th

The port (of Hampton Roads), which handled 1.98 million TEU's in 2005 is also planning to more than quadruple its throughput capacity over the next decade

- American Shipper – April 2006

Where are the next six million TEU's going?

Container cargo could end up out in the country – **Daily Press March 30**

Planning urged for more distribution centers as port expands – **Virginian Pilot, March 30**

New distribution Center (in Southampton) to create 300 jobs – **Virginian Pilot, April 19**

Ford, the ports and bottlenecks – **Virginian Pilot, April 20th**

Port will increase charges on containers left behind – **Inside Business, April 17**

Congestion Release Valve

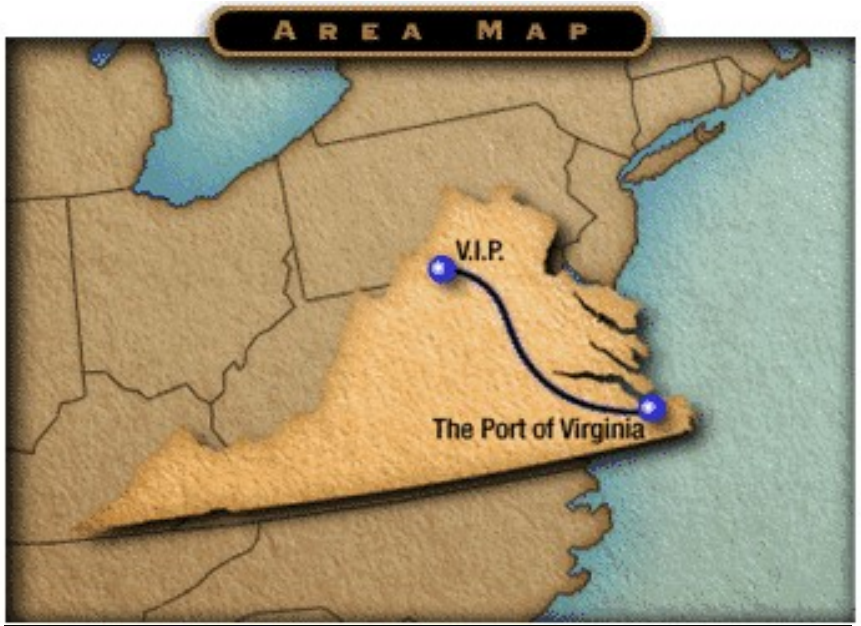
- Albany, New York
- Victoria, Texas
- Bridgeport, CT
- Richmond, VA

"Small, shallow-draft ports . . . could very well become an essential release valve for increasing box volumes in major US East and Gulf Coast Ports and on the nation's highway system. ."

- American Shipper, April 2006

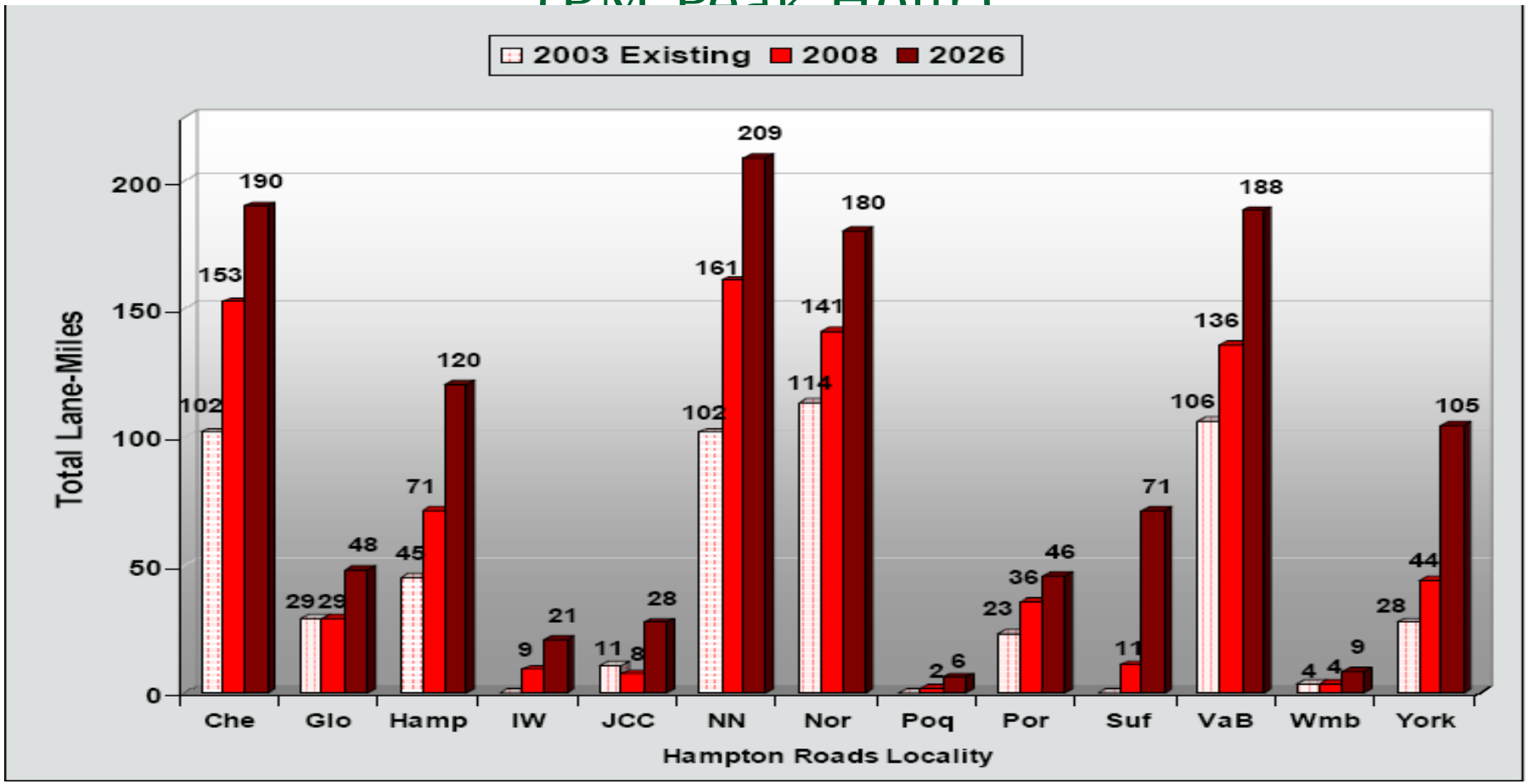
VIP Model

- Virginia Inland Port in Front Royal serviced by Norfolk Southern Railroad, since inception 1989 distribution centers have sprouted in the area to take advantage of location
- Greater Richmond area can reap ripple effect economic rewards from the barge service



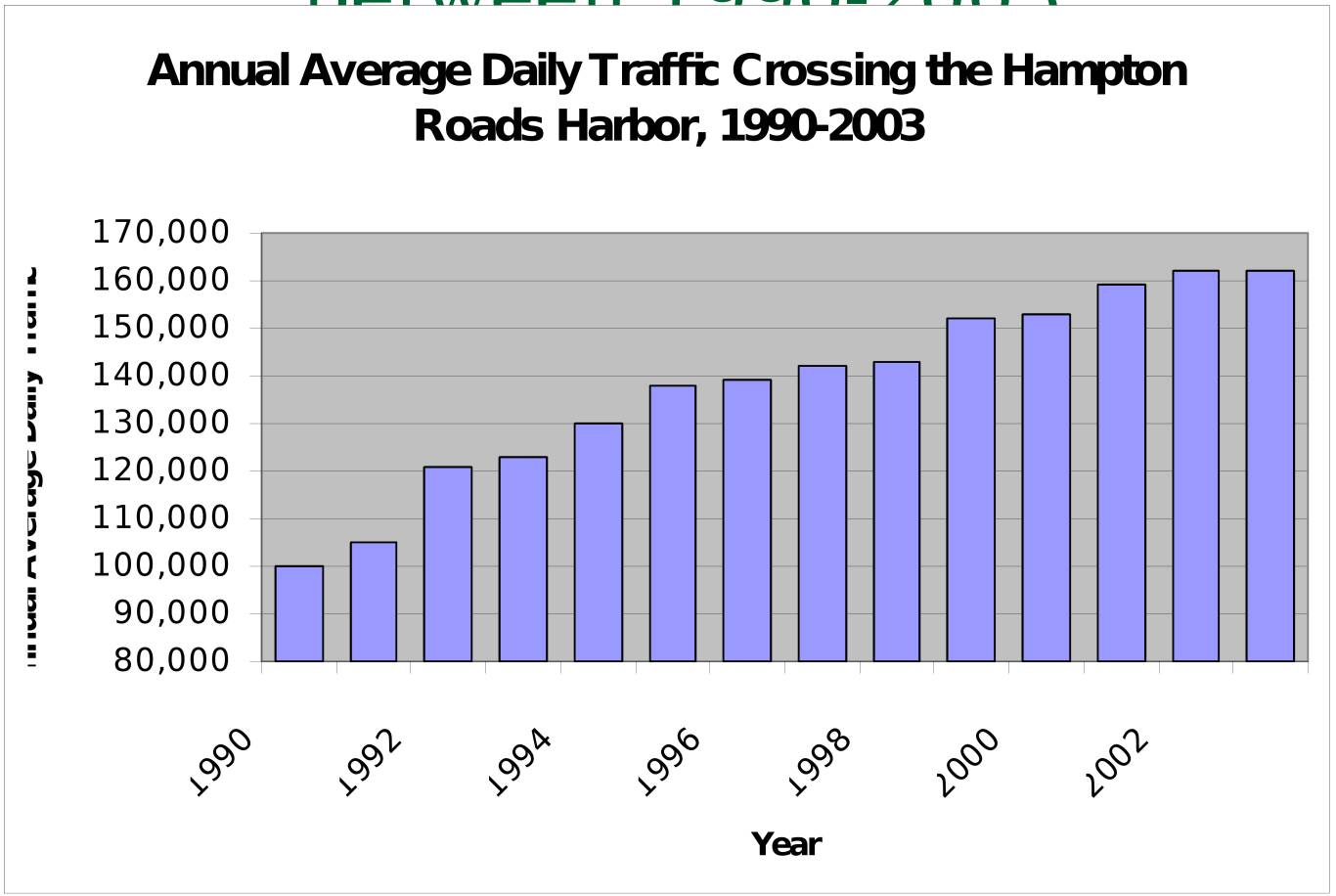
Severely Congested Lane Miles

(PM Peak Hour)



Data source: HR Planning District Commission Economic Outlook

The amount of traffic crossing the Hampton Roads harbor has increased 64% between 1990-2003



Data source: HR Planning District Commission Economic Outlook, VDOT

Current Trucking Industry

- Critical shortage of drivers
  - Nationwide: 20,000 driver shortage in 2005
  - Forecasted shortfall of 111,000 drivers by 2014 (Virginia Pilot: July 10, 2005)
  - Truck Fleet is oldest it has been since 1992, 3% growth in 4/5 years
  - Carriers shifting to ROI business models
  - Traffic reducing local industry's efficiency and reliability

Trucking Rate

Over the last 3 years, Norfolk-Richmond truck rate increased from $250 to $350.

- Average annual increase- 12%
- Average inflation rate- slightly under 3%
- During this same 3 year period, gas surcharge increased from 4% to 15%.
- 1Q 2006 - $388

uture Truck Rates

Year	2005	2006E	2007E	2008E	Assumption
Hampton Roads-Richmond truck rate	**$360**	**$403**	**$451**	**$505**	**12% increase**

Traffic, driver shortages, and fuel cost continue to grow more severe.

Barge is competitive with current truck rates.

Fuel Usage Per Ton-Mil

Source: U.S. DOT Maritime Administration, **The Tennessee Tombigbee Waterway Development Authority**

Pounds of Emissions Per-Ton

Mode	Hydrocarbons	Carbon Monoxide	Nitrous Oxide
	0.0009	0.0020	0.0053
	0.0046	0.0064	0.0183
	0.0063	0.0190	0.1017

Source: C. Jake Haulk Ph.D. - Inland Waterways as Vital National Infrastructure: Refuting "Corporate Welfare" Attacks, The Tennessee Tombigbee Waterway Development Authority

The Market - 30 mile radius from the Port of Richmond

- Phillip Morris & Honeywell – project drivers
- Other Companies
  - Imports: 6,000-8,000 TEU's
  - Exports: 8,000 TEU's
- Growth potential land available within 10 miles of the port for new projects, manufacturing, processing and distribution centers

James River Barge Line

- Cost effective
- Reliable
- Fuel efficient
- Environmentally-friendly
- Reduces traffic on our highways
- Increases port efficiency

Questions?